

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

July 1, 2015

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

RE: **REQUEST FOR CONFIDENTIAL TREATMENT**
WC Docket No. 14-58 - ETC Annual Reports and Certifications

Request that Information Submitted to the Commission be Withheld from Public Inspection Pursuant to 47 C.F.R. §0.459 and 5 U.S.C. §552(b)(4): Five-Year Service Quality Improvement Plan Progress Report included in FCC Form 481

Confidential Financial Information – Subject to Protective Order in WC Docket Nos. 10-90, 07-135, 05-337, 03-109, 14-58, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Before the Federal Communications Commission

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Peoples Telephone Cooperative, Inc. (the Cooperative), Study Area Code 442130 is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket No. 14-58. The Cooperative, by its authorized representative, hereby requests confidential treatment of two attachments to its FCC Form 481: (1) the five-year service quality improvement plan progress report and (2) the financial annual report, both of which were redacted in the ECFS submission. The request for confidential treatment of the five-year plan progress report is being made pursuant to Section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA). The request for confidential treatment of the financial annual report is being made pursuant to the FCC's June 17, 2015 *Protective Order* in WC Docket No. 10-90 *et al.* These attachments contain competitively sensitive data that Peoples



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Telephone Cooperative, Inc. maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Cooperative.

Five-Year Service Quality Improvement Plan Progress Report

Pursuant to Section 0.459 of the Commission's rules and Exemption 4 of FOIA, Peoples Telephone Cooperative, Inc. requests that the text and data extracted from its five-year service quality improvement plan progress report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Cooperative keeps confidential. Public availability of this information would have a substantial negative impact on the Cooperative.

In accordance with Section 0.459 of the Commission's rules, the following information is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 112 of FCC Form 481 – Five-Year Service Quality Improvement Plan Progress Report. Specifically, confidential treatment is sought for all information in the five-year plan progress report related to the Cooperative's access line counts, existing broadband capabilities, and current and planned financial investments in its network that will improve service quality, service coverage, and/or service capacity for its customers.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket No. 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form. Section 100 of FCC Form 481 requires incumbent local exchange carriers receiving high cost support to attach a progress report on its five-year service quality improvement plan, pursuant to 47 C.F.R. §54.313(a)(1).

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The five-year service quality improvement plan progress report contains granular information on the Cooperative's access line counts and/or existing broadband capabilities as well as recent and planned capital investments in its network to improve service quality, service coverage, and/or service capacity. It also contains a map of the Cooperative's service area detailing progress toward meeting broadband

deployment targets at the wire center level. This is closely guarded, privileged information that the Cooperative does not make publicly available.

- (4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more wireless Internet service providers. Most RLECs also face competition from at least one other wireline broadband provider, such as a larger cable company, who will typically seek to “cherry pick” the lower cost portions of the study area. In addition, all RLECs face competition throughout their territories from satellite broadband providers.

- (5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the five-year plan progress report would provide competitors with detailed, granular information regarding the Cooperative’s access line count, its existing broadband capabilities, and its recent and planned network investments that improve service quality, coverage, and/or capacity for subscribers. This would give competitors invaluable confidential information with which to develop their own strategies for investing in the service area, thereby bringing substantial competitive harm to the Cooperative.

- (6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Cooperative has continually treated the extracted information in its five-year plan progress report as confidential and carefully controls the information to protect it from competitors. Access to the information is limited to employees that require it and to non-employees with confidentiality obligations such as lenders, consultants, auditors, and attorneys. In addition, when such information is required to be submitted to a state regulatory authority it has been filed as confidential information, not available to the public.

- (7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the five-year plan progress report is not available to the public, and third-party access is limited as described in (6) above.

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- (8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Cooperative requests that the extracted information be withheld from public inspection indefinitely. The information in the five-year plan progress report details the Cooperative's most recent network upgrades in relation to its previously submitted service quality improvement plan. It may also contain upcoming planned network improvements during the five-year period ending 2019. This information would provide a very useful baseline for competitors for several years beyond that period.

- (9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Financial Annual Report

Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier receiving high cost support to attach a full and complete annual report of the company's financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Peoples Telephone Cooperative, Inc. seeks confidential treatment of its financial annual report pursuant to the June 17, 2015 *Protective Order* in WC Docket No. 10-90, *et al.*¹ The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

Peoples Telephone Cooperative, Inc. is providing to the Office of the Secretary, under seal, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

Each page of the five-year service quality improvement plan progress report confidential submission bears the legend, "CONFIDENTIAL – NOT FOR PUBLIC DISCLOSURE."

Each page of the financial annual report confidential submission bears the legend, "CONFIDENTIAL FINANCIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, 14-58, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

¹ *Connect America Fund et al.*, WC Docket No. 10-90 *et al.*, Protective Order, DA 15-712 (rel. June 17, 2015).

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Two copies of the Form 481 filing in redacted form and an accompanying cover letter are also being provided with the confidential filing. Each page of the redacted filing and accompanying cover letter is marked "REDACTED – FOR PUBLIC INSPECTION."

Two copies of this cover letter and the Form 481 filing with the confidential information are also being delivered to Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

Please contact me if you have any questions.

Sincerely,

Dorothy Young
Authorized Representative for
Peoples Telephone Cooperative, Inc.

A handwritten signature in black ink, appearing to read "Dorothy Young", written in a cursive style.

DY/pjf

Enclosures

cc: Mr. Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission, (2 hardcopies of non-redacted submission)

Mr. Steven Steele, Peoples Telephone Cooperative, Inc.

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code	442130
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	Gena von Reyn
<035> Contact Telephone Number: Number of the person identified in data line <030>	9038783172 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	gena.vonreyn@gopeoples.net

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
(check box when complete)			
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 300px;"></div> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 300px;"></div> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			
<410> Fixed	0.305	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input type="checkbox"/>	<input type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	0.17	<input type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	0.0	<input type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 2px;">442130TX510.pdf</div> (attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 2px;">442130TX610.pdf</div> (attached descriptive document)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	Yes <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <div style="border: 1px solid black; padding: 2px;">442130tx1010.pdf</div> (attach descriptive document)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No) <input checked="" type="radio"/> <input type="radio"/> (if not, check to indicate certification)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

<110>	Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111>	If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

442130tx112.pdf

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Yes</td></tr> </table>	Yes
Yes			
<114>	Report how much universal service (USF) support was received	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Yes</td></tr> </table>	Yes
Yes			
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Yes</td></tr> </table>	Yes
Yes			
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Yes</td></tr> </table>	Yes
Yes			
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Yes</td></tr> </table>	Yes
Yes			
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="padding: 2px 5px;">Not Applicable</td></tr> </table>	Not Applicable
Not Applicable			

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

[illegible]

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	

[illegible]

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

[illegible]

[illegible]

(900) Tribal Lands Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

<910>	Tribal Land(s) on which ETC Serves	
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<920>	Tribal Government Engagement Obligation	
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Name of Attached Document

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

(1100) No Terrestrial Backhaul Reporting Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

442130tx1210.pdf

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation Data Collection Form <i>Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers</i>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	442110
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Gena von Keyn
<035> Contact Telephone Number - Number of person identified in data line <030>	3638763172 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	gena.vonkeyn@gopeoples.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification {47 CFR § 54.313(b)(1)i} <2011a> 3rd Year Certification {47 CFR § 54.313(b)(1)ii} <2011b> Attachment {47 CFR § 54.313(b)(1)iii}	<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 30px; width: 100%;"></div>
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Name of Attached Document(s) Listing Required Information

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012> 2013 Frozen Support Calculation {47 CFR § 54.313(c)(1)} <2013> 2014 Frozen Support Calculation {47 CFR § 54.313(c)(2)} <2014> 2015 Frozen Support Calculation {47 CFR § 54.313(c)(3)} <2015> 2016 and future Frozen Support Calculation {47 CFR § 54.313(c)(4)}	<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div>
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Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification Support Used to Build Broadband	<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div>
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Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017> 3rd year Broadband Service Certification <2018> 5th year Broadband Service Certification <2019> Interim Progress Certification	<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div>
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<2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>
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Name of Attached Document(s) Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010> Study Area Code	442130
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035> Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

442130tx3010.pdf

(3010) **Progress Report on 5 Year Plan**
Milestone Certification {47 CFR § 54.313(f)(1)(i)}

Name of Attached Document Listing Required Information

(3011) Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☒

442130tx3012.pdf

(3012) Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}

Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}
(3014) If yes, does your company file the RUS annual report

(Yes/No) ☒ ☒
(Yes/No) ☒ ☒

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐

(3016) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (Yes/No) ☒ ☒

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019) Either a copy of their audited financial statement; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications ☒

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒

(3021) Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit ☒

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers, ☐

(3023) Underlying information subjected to a review by an independent certified public accountant ☐

(3024) Underlying information subjected to an officer certification. ☐

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☐

442130tx3026.pdf

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

Financial Data Summary

- (3027) Revenue
- (3028) Operating Expenses
- (3029) Net Income
- (3030) Telephone Plant In Service(TPIS)
- (3031) Total Assets
- (3032) Total Debt
- (3033) Total Equity
- (3034) Dividends



**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	442130
<015> Study Area Name	PEOPLES TEL COOP -TX
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035> Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Dorothy Young</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Dorothy Young</u>
Name of Reporting Carrier:	<u>PEOPLES TEL COOP -TX</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/29/2015</u>
Printed name of Authorized Officer:	<u>Gena von Reyn</u>
Title or position of Authorized Officer:	<u>Regulatory Affairs Manager</u>
Telephone number of Authorized Officer:	<u>9038783172 ext.</u>
Study Area Code of Reporting Carrier:	<u>442130</u> Filing Due Date for this form: <u>07/01/2015</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>PEOPLES TEL COOP -TX</u>
Name of Authorized Agent or Employee of Agent:	<u>Dorothy Young</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/29/2015</u>
Printed name of Authorized Agent or Employee of Agent:	<u>Dorothy Young</u>
Title or position of Authorized Agent or Employee of Agent:	<u>Authorized Representative</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>5126527726 ext.</u>
Study Area Code of Reporting Carrier:	<u>442130</u> Filing Due Date for this form: <u>07/01/2015</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

**(700) Price Offerings including Voice Rate Data
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena_vonreyn@gopeoples.net

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	

[illegible]

<p>(710) Broadband Price Offerings</p> <p>Data Collection Form</p>	<p>FCC Form 481</p> <p>OMB Control No. 3060-0986/OMB Control No. 3060-0819</p> <p>July 2013</p>
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FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	442130
<015>	Study Area Name	PEOPLES TEL COOP -TX
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Gena von Reyn
<035>	Contact Telephone Number - Number of person identified in data line <030>	9038783172 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	gena.vonreyn@gopeoples.net

[illegible]


**LINE 112 – FIVE-YEAR SERVICE QUALITY IMPROVEMENT PLAN
PROGRESS REPORT**



The Cooperative received \$1,539,358 in Universal Service Fund (“USF”) support in first quarter 2015 (Jan.-Mar.). It projects that it will receive \$777,784 in USF support in second quarter 2015 (Apr.-Jun.). The Cooperative therefore projects that its total USF support for the first half of 2015 (Jan.-Jun.) will be \$2,317,142.



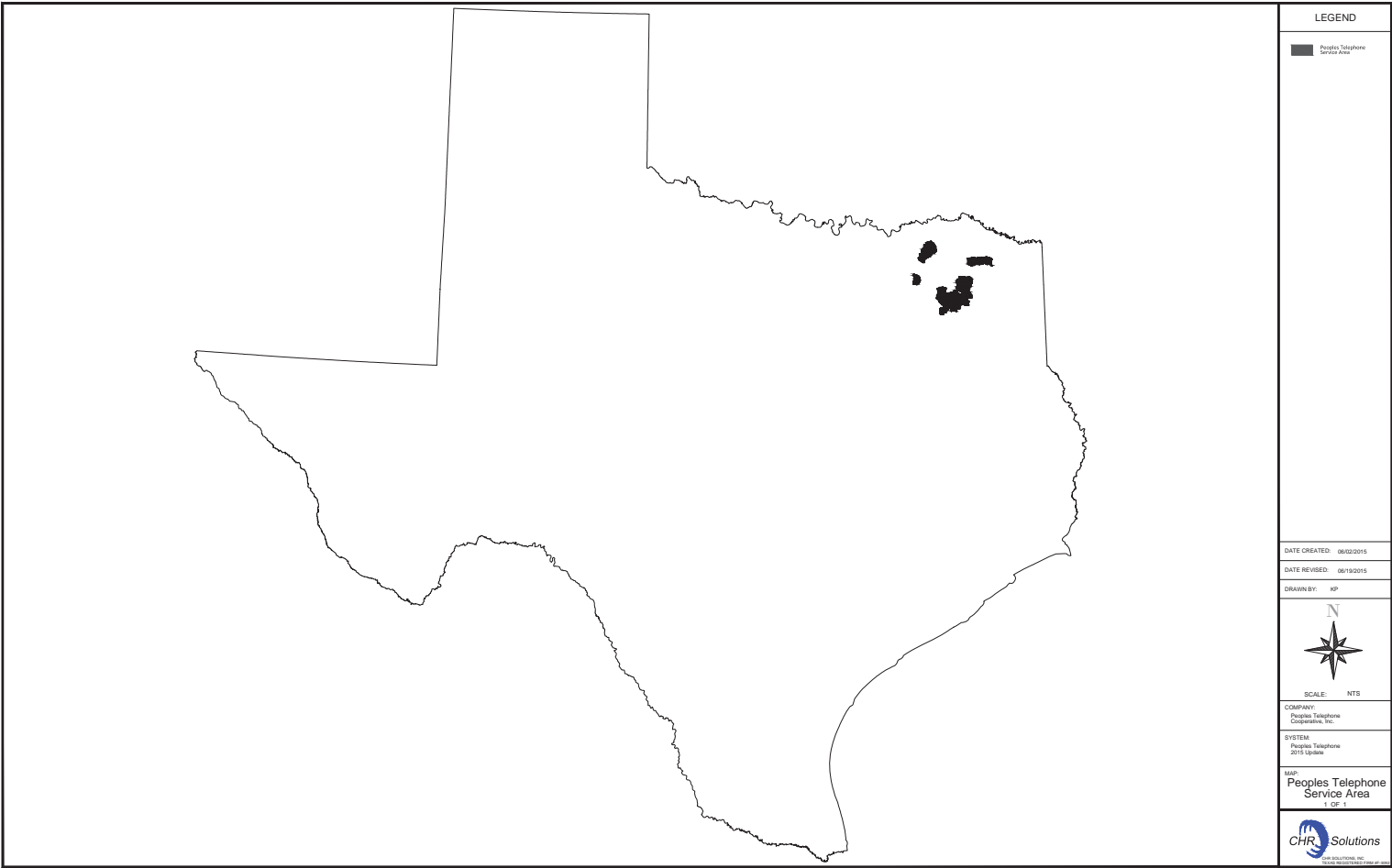
Service Quality Improvement Plan Progress Update

Exchange	Description of Improvement	5 Year Plan 2015 Forecast	2015 Progress (Jan.–Jun.)
			

2015 Progress Report Description







LEGEND

 Peoples Telephone Service Area

DATE CREATED: 06/02/2015

DATE REVISED: 06/18/2015

DRAWN BY: KP



SCALE: NTS

COMPANY:
Peoples Telephone Company, Inc.

SYSTEM:
Peoples Telephone 2015 Update

MAP:
Peoples Telephone Service Area
1 OF 1


CHR SOLUTIONS, INC.
10000 WEST 10TH AVENUE, SUITE 100
DENVER, CO 80241



LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Peoples Telephone Cooperative, Inc. (the Cooperative) complies with applicable service quality standards and consumer protection rules as required by the state regulatory commission and the Federal Communications Commission.

The rates, terms, and conditions under which the Cooperative operates are outlined in its Local Exchange Tariff, which is approved by the state commission. The Cooperative's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Cooperative, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates and certain terms of service are also available on the Cooperative's website.

Service quality standards are established by the state commission and the Cooperative consistently meets or exceeds the standards and provides reports to the state commission, in accordance with the state commission's rules.

The Cooperative complies with any and all consumer protection obligations under state law.

The Cooperative also complies with the following consumer best practices: (1) the Cooperative discloses its rates and terms of service to customers; (2) the Cooperative provides specific disclosures in its advertising; (3) the Cooperative separately identifies carrier charges from taxes on its billing statements; (4) the Cooperative provides ready access to customer service; (5) the Cooperative promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Cooperative abides by policies for protection of consumer privacy.

The protection of customers' privacy and information is of utmost importance and the Cooperative has a policy and established operating procedures that comply with the FCC's Customer Proprietary Network Information Rules (47 C.F.R. §§64.2001-64.2011). Certification and a description of those operating procedures are filed at the FCC annually.

LINE 610 – ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Peoples Telephone Cooperative, Inc. (the Cooperative) is able to function in emergency situations. The Cooperative has a reasonable amount of back-up power to ensure functionality without an external power source. The Cooperative's system is reinforced by battery back-ups installed at its headquarters office and generators at its central offices. The Cooperative also has numerous portable generators that are available to be moved to any of the remote office sites. In addition, the central & remote office sites are constantly monitored by the switch which alerts the answering service dispatch in the event trouble is detected. The network is capable of managing traffic spikes resulting from emergency situations.

The Cooperative is able to reroute traffic around damaged facilities. Although the Cooperative's ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau's most recent reasonable comparability benchmark for voice services is \$47.48, which includes the federal subscriber line charge ("SLC").¹

In all of the exchanges served by Peoples Telephone Cooperative, Inc. ("the Cooperative"), the highest single-line residential local rate, including any mandatory extended area service charge, is \$17.00. When the federal SLC (\$6.50) and the state universal service fee (\$.63) are included, the rate becomes \$24.13. Therefore, the Cooperative's pricing of fixed voice services is less than the reasonable comparability benchmark of \$47.48.

¹ *Wireline Competition Bureau Announces Results of 2015 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 15-470 (rel. April 16, 2015).

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Peoples Telephone Cooperative, Inc. (the Cooperative) offers qualified Lifeline subscribers a discount of \$13.13 to the stand-alone residential local exchange service line rate. Except for one exchange, the Lifeline rate for single-line residential voice service, including any mandatory extended area service charge and the federal subscriber line charge, is \$8.87 (\$22.00 less the \$13.13 discount).

In the exchange of Glade Branch, the Lifeline rate for single-line residential voice service, including any mandatory extended area service charge and the federal subscriber line charge, is \$10.37 (\$23.50 less the \$13.13 discount).

Qualified Lifeline customers may also subscribe to our Basic Choice, Select Choice, Select Choice Plus, Premium Choice, and Premium Plus Choice bundle packages for Residential customers with the same reductions applied against that portion of the package rate that is for basic network service (one line only). These plans include a long distance calling plan, internet and broadband services as well as a choice of optional services.

The local exchange access line rate includes an unlimited amount of local calling minutes. Additional charges for toll calls associated with the stand-alone residential access line are billed at the rates of the long distance carrier chosen by the subscriber.

See attached pages from the Cooperative's Local Exchange Tariff, including pages describing the terms and conditions of Lifeline service.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM

The Lifeline Program is a retail local service offering designed to make telephone service available at reduced rates to qualifying low-income customers.

A. General

1. A qualifying low-income customer subscribing to the Lifeline Program shall receive federal and state reductions to their monthly tariffed residential local exchange access line rate. When a Lifeline customer subscribes to a package of services, those same reductions will apply to that portion of the package rate that is for basic network service. In a two-line package, only one line will receive the Lifeline reductions.

2. Nothing in this section shall prohibit a customer who is otherwise eligible for the Lifeline Program from obtaining and using telecommunications equipment and services designed to aid such customer in utilizing qualifying telecommunications services.

3. Lifeline Program reductions do not apply to surcharges, taxes, long distance service, 976 and other information related telecommunications services, and optional services such as custom calling features. Customers may obtain these services, where available, at their discretion.

4. The Lifeline Program rate reductions do not apply to service connection charges.

5. The Cooperative may not disconnect the service of a Lifeline Program customer for the non-payment of toll charges. However, the Cooperative reserves the right to implement toll blocking, at no charge, if the customer incurs a significant balance of unpaid toll bills. The Cooperative will inform the customer, by direct mail, of this change to their service due to the customer's non-payment of toll charges. Upon the customer's payment of all outstanding toll charges, the Cooperative shall remove mandatory toll blocking at no charge.

6. Upon subscribing to the Lifeline Program, a customer will be offered a subscription, at no charge, to toll blocking service (in exchanges where technically available) which denies the customer access to the long distance telecommunications network; however, the customer is under no obligation to accept the subscription to toll blocking upon initial subscription to the Lifeline Program.

MEMBER SERVICES TARIFF
LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM (Continued)

A. General (Continued)

8. The Lifeline Program rate reductions will not be available on a retroactive basis unless approved by the Public Utility Commission of Texas or the Low-Income Discount Administrator (LIDA).

B. Designated Lifeline Program Services

The Cooperative shall offer voice telephony services that provide the he following functionalities as designated, Lifeline Program services:

1. Voice grade access to the public switched network or its functional equivalent
2. Minutes of use for local service provided at no additional charge to the customer
3. Access to emergency services
4. Toll blocking service

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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM (Continued)

C. Eligibility Requirement

1. Qualifying Low-income (Eligible) Customer Criteria

An eligible customer shall be defined as an individual whose annual household income is at or below 150% of the federal poverty guidelines or in whose household resides a person who receives or has a child who receives benefits from at least one of the following programs:

- a. Medicaid
- b. Food Stamps (Supplemental Nutrition Assistance Program)
- c. Supplemental Security Income (SSI)
- d. Federal Public Housing Assistance (FPHA)
- e. Low-Income Heat and Energy Assistance Program (LIHEAP)
- f. Health benefits coverage under the state Children's Health Insurance Program (CHIP)
- g. National School Lunch Program's Free Lunch Program
- h. Temporary Assistance for Needy Families

The Lifeline Program rate reductions will be provided to each eligible customer. The Low-Income Discount Administrator (LIDA) will provide a list of eligible customers to the Cooperative each month.

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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM (Continued)

C. Eligibility Requirement (Continued)

2. Obligations of the Customer

a. Customers whose annual household income is at or below 150% of the federal poverty guidelines or who participate in FPHA or LIHEAP programs may self-enroll for Lifeline Program benefits by completing an application form and returning it to LIDA. LIDA will send a blank application upon customer request. LIDA can be reached at 1-866-4LITEUP. Current customers receiving benefits under Medicaid, Food Stamps, SSI or CHIP will be subject to the Lifeline Program automatic enrollment procedures as provided by the LIDA unless they provide a written request to the LIDA to be excluded from the Lifeline Program.

b. A customer who is eligible for the Lifeline Program but does not have telephone service at the time the LIDA provides its eligibility list to the Cooperative, shall be responsible for initiating a request for the Lifeline Program from the Cooperative.

3. Obligations of the Cooperative

a. LIDA will provide a list of eligible customers to the Cooperative on a monthly basis. Upon receipt of the list, the Cooperative shall begin reduced billing for those customers within 30 days.

4. Discontinuance of Service

a. Discontinuance of Lifeline Discounts for customers automatically enrolled. The eligibility period for automatically enrolled customers is the length of their enrollment in Texas Health and Human Services Commission (THHSC) benefits plus a period of 60 days for renewal. Automatically enrolled customers will have an opportunity to renew their THHSC benefits or self enroll with LIDA upon the expiration of their automatic enrollment.

b. Discontinuance of Lifeline Discounts for customers who have self-enrolled: Individuals not receiving benefits through THHSC programs, but who have met Lifeline income qualifications, are eligible to receive the Lifeline Discount for seven months, which includes a period of 60 days during which the customer may renew their eligibility with LIDA for an additional seven months.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM (Continued)

D. Deposit and Credit Requirements (Continued)

1. The Cooperative shall be prohibited from charging a service deposit in order to initiate the Lifeline Program if the eligible customer voluntarily elects to receive toll blocking.
2. The Cooperative may charge a service deposit if the eligible customer denies subscription to toll blocking upon subscribing to the Lifeline Program.
3. In instances where the Cooperative may require a service deposit, the same credit verification procedures and deposit regulations used for all applicants who apply for service with the Cooperative are also applicable to eligible customers for the Lifeline Program.

E. Service Connection Charges

1. Service connection charges do not apply to eligible customers with existing, qualifying service converting to the Lifeline Program.
2. Service connection charges do apply when:
 - a. Existing eligible customers request additional non-qualifying services at the time Lifeline Program reduced billing is initiated.
 - b. New customers (those without existing local exchange access service) eligible for the Lifeline Program establish service.
 - c. Customers make subsequent moves or changes after the initial connection to the Lifeline Program.

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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM (Continued)

F. Lifeline Program Rate Reduction

1. Implementation

The Cooperative shall provide reduced billing to all Lifeline Program eligible customers within its service area in accordance with the Commission's Substantive Rules.

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In instances where a customer inquires about participation in the Lifeline Program, the Cooperative shall provide contact information for LIDA.

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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

V. LIFELINE PROGRAM (Continued)

F. Lifeline Program Rate Reduction (Continued)

2. Amounts

The Cooperative shall apply Lifeline Program rate reductions, per eligible customer, as described below. The combined discounts shall not result in a rate of less than zero charged for the customer's basic local service.

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	<u>Monthly Rate Reduction</u>
a. Federal Reduction applied to Federal Subscriber Line Charge and Residential Local Exchange Access Line Charge	47.C.F.R Section 54.403
b. Maximum State Reduction to Residential Local Exchange Access Line Rate	\$3.50
c. Area Discount – composed of up to 25% of any residential basic network service rate increase amount consistent with P.U.C. SUBST. R. 26.404 and the Small and Rural Incumbent Local Exchange Company Universal Service Plan (SRILEC USP)	\$0.38

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MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

II. LOCAL EXCHANGE SERVICE RATES

A. Monthly Local Exchange Access Service Rates

Exchange (NPA-NXX)/ EAS Exchange(s):	Bus. Acc. Line	Res. Acc. Line	Bus. Key Trk (4)	Bus. Key Trk (5)	
Ben Franklin (903-325) (4) Honey Grove Pecan Gap Roxton	\$19.60	\$12.00	\$25.45	----	I
Campbell (903-862) (5) Greenville	\$19.60	\$12.00	\$19.60	\$26.20	I
Cypress Springs (903-860) (5) Glade Branch Mt. Vernon Winnsboro Wynne	\$19.60	\$15.50	\$19.60	\$26.20	I
Dry Creek (903-850/903-878) (1)(5) Golden Jim Hogg Quitman Wynne (2) (3)	\$19.60	\$12.00	\$19.60	\$26.20	I
Glade Branch (903-588) (5) Cypress Springs Mt. Vernon	\$19.60	\$12.00	\$19.60	\$26.20	I

(1) Some numbers in the 903-850 code are assigned to Peoples Cellular.

(2) NPA/NXX 903-878 is excluded from EAS between the Dry Creek and Wynne Exchanges.

(3) EAS calling between the Wynne Exchange and Dry Creek Exchange only includes NPA/NXX 903-850.

(4) Key Trunk Service rates for the Ben Franklin Exchange.

(5) Key Trunk Service rates for the Campbell, Cypress Springs, Dry Creek and Glade Branch Exchanges.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

II. LOCAL EXCHANGE SERVICE RATES

A. Monthly Local Exchange Access Service Rates (Continued)

Exchange (NPA-NXX)/ EAS Exchange(s):	Bus. Acc. Line	Res. Acc. Line	Bus. Key Trk (1)	Bus. Key Trk (2)	
Golden (903-768) (2) Dry Creek Mineola	\$19.60	\$12.00	\$19.60	\$26.20	I
Jim Hogg (903-67) (2) Dry Creek Quitman	\$19.60	\$12.00	\$19.60	\$26.20	I
Pecan Gap (903-359) (1) Ben Franklin Roxton	\$19.60	\$12.00	\$25.45	-----	I
Roxton (903-346) (1) Ben Franklin Pecan Gap	\$19.60	\$12.00	\$25.45	-----	I
Sandy Creek (903-629) (2) Winnsboro Wynne	\$19.60	\$12.00	\$19.60	\$26.20	I

(1) Key Trunk Service rates for the Pecan Gap and Roxton Exchanges.

(2) Key Trunk Service rates for the Golden, Jim Hogg, and Sandy Creek Exchanges.

MEMBER SERVICES TARIFF

LOCAL EXCHANGE SERVICE

II. LOCAL EXCHANGE SERVICE RATES

A. Monthly Local Exchange Access Service Rates (Continued)

Exchange (NPA-NXX)/ EAS Exchange(s):	Bus. Acc. Line	Res. Acc. Line	Bus. Key Trk (2)	Bus. Key Trk (3)	
Talco (903-379) (2)	\$19.60	\$12.00	\$25.45	----	I
Wynne (903-365) (1) (3) Cypress Springs Dry Creek Sandy Creek Winnsboro	\$19.60	\$12.00	\$19.60	\$26.20	I
Yantis (903-383) (3)	\$19.60	\$12.00	\$19.60	\$26.20	I

(1) EAS calling between the Wynne Exchange and Dry Creek Exchange only includes NPA/NXX 903-850.

(2) Key Trunk Service rates for the Talco Exchange.

(3) Key Trunk Service rates for the Wynne and Yantis Exchanges.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages

	Monthly Rate (1)
1. Two-Lines with Internet, Advanced Features, and Nationwide Toll Calling	\$79.99
- 2 Local Residential Access Lines with Tone Dialing on both lines	
- Expanded Local Calling Service and	
- Toll-Free One-Way Local Calling Scope (6)	
- Optional Services - Any or all of the following services (2)	
Call Forwarding	
Call Forwarding-Busy	
Call Forwarding-No Answer	
Call Waiting w/ Cancel Call Waiting	
Speed Calling	
Three Way Calling	
Call Block	
Anonymous Call Block	
Calling Name and Number Delivery	
- Nationwide Toll Calling (3)	
- DSL NSPEED 256 with unlimited access to the Internet (4)(5)	

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Toll Calling is provided by Peoples Communications, Inc. Certain restrictions apply.
- (4) DSL/Internet Service is provided by Peoples Communications, Inc. Customers can upgrade DSL NSPEED 256 to a higher speed for an additional monthly fee.
- (5) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.
- (6) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

	Monthly Rate (1)
2. Two-Lines with Advanced Features and Nationwide Toll Calling	\$59.99
- 2 Residential Access Lines with Tone Dialing on both lines	
- Expanded Local Calling Service and	
- Toll-Free One-Way Local Calling Scope (5)	
- Optional Services - Any or all of the following services (2)	
Call Forwarding	
Call Forwarding-Busy	
Call Forwarding-No Answer	
Call Waiting w/ Cancel Call Waiting	
Speed Calling	
Three Way Calling	
Call Block	
Anonymous Call Block	
Calling Name and Number Delivery	
- Nationwide Toll Calling (3)	
- OPTIONAL: Add Dial-Up Internet access for \$11.95 per month (4)	

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Toll Calling is provided by Peoples Communications, Inc. Certain restrictions apply.
- (4) Dial-Up Internet Access is provided by Peoples Communications, Inc. Certain restrictions apply.
- (5) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

**Monthly
Rate (1)**

3. Peoples Choice Premium

\$139.99

- **Two Local Residential Access Lines with Tone Dialing**
- **Expanded Local Calling Service and**
- **Toll-Free One-Way Local Calling Scope (7)**
- **Optional Services** – Choice of up to nine (9) of the following services: (2)
 - Call Forwarding
 - Call Forwarding-Busy
 - Call Forwarding-No Answer
 - Call Waiting w/ Cancel Call Waiting
 - Speed Calling
 - Three Way Calling
 - Call Block
 - Anonymous Call Block
 - Caller ID – Calling Name and Number Delivery
 - Voicemail (6)
- **Unlimited Nationwide Toll Calling (3)**
- **DSL NSPEED 2MB with unlimited access to the Internet (4)(5)**

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers that sign up for Peoples packages will receive a total of nine optional services that can be placed on either line.
- (3) Toll Calling is provided by Peoples Communication, Inc. Certain restrictions may apply.
- (4) DSL/Internet Service is provided by Peoples Communication, Inc.
- (5) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.
- (6) Voicemail is a non-regulated service and is included in the package rate.
- (7) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

	Monthly Rate (1)
4. Peoples Choice Select Plus	\$99.99
- Two Local Residential Access Lines with Tone Dialing	
- Expanded Local Calling Service and	
- Toll-Free One-Way Local Calling Scope (7)	
- Optional Services – Choice of up to nine (9) of the following services: (2)	
Call Forwarding	
Call Forwarding-Busy	
Call Forwarding-No Answer	
Call Waiting w/ Cancel Call Waiting	
Speed Calling	
Three Way Calling	
Call Block	
Anonymous Call Block	
Caller ID – Calling Name and Number Delivery	
Voicemail (6)	
- Unlimited Nationwide Toll Calling (3)	
- DSL NSPEED 1MB with unlimited access to the Internet (4) (5)	

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers that sign up for Peoples packages will receive a total of nine optional services that can be placed on either line.
- (3) Toll Calling is provided by Peoples Communication, Inc. Certain restrictions may apply.
- (4) DSL/Internet Service is provided by Peoples Communication, Inc. Customers can upgrade DSL NSPEED up to 2MB for an additional monthly fee.
- (5) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.
- (6) Voicemail is a non-regulated service and is included in the package rate.
- (7) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

**Monthly
Rate (1)**

5. Peoples Choice Select

\$89.99

- Two Local Residential Access Lines with Tone Dialing
- Expanded Local Calling Service and
- Toll-Free One-Way Local Calling Scope (7)
- Optional Services – Choice of up to nine (9) of the following services: (2)
 - Call Forwarding
 - Call Forwarding-Busy
 - Call Forwarding-No Answer
 - Call Waiting w/ Cancel Call Waiting
 - Speed Calling
 - Three Way Calling
 - Call Block
 - Anonymous Call Block
 - Caller ID – Calling Name and Number Delivery
 - Voicemail (6)
- Nationwide Toll Calling (3)
- DSL NSPEED 1MB with unlimited access to the Internet (4) (5)

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- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers that sign up for Peoples packages will receive a total of nine optional services that can be placed on either line.
- (3) Toll Calling is provided by Peoples Communication, Inc. Certain restrictions may apply.
- (4) DSL/Internet Service is provided by Peoples Communication, Inc. Customers can upgrade DSL NSPEED up to 2MB for an additional monthly fee.
- (5) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.
- (6) Voicemail is a non-regulated service and is included in the package rate.
- (7) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

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MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

	Monthly Rate (1)
6. Peoples Choice Basic	\$79.99
- Two Local Residential Access Lines with Tone Dialing	
- Expanded Local Calling Service and	
- Toll-Free One-Way Local Calling Scope (7)	
- Optional Services – Choice of up to nine (9) of the following services: (2)	
Call Forwarding	
Call Forwarding-Busy	
Call Forwarding-No Answer	
Call Waiting w/ Cancel Call Waiting	
Speed Calling	
Three Way Calling	
Call Block	
Anonymous Call Block	
Caller ID – Calling Name and Number Delivery	
Voicemail (6)	
- Nationwide Toll Calling (3)	
- DSL NSPEED 512K with unlimited access to the Internet (4) (5)	

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers that sign up for Peoples packages will receive a total of nine optional services that can be placed on either line.
- (3) Toll Calling is provided by Peoples Communication, Inc. Certain restrictions may apply.
- (4) DSL/Internet Service is provided by Peoples Communication, Inc. Customers can upgrade DSL NSPEED up to 2MB for an additional monthly fee.
- (5) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL service, early termination fee does not apply.
- (6) Voicemail is a non-regulated service and is included in the package rate.
- (7) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

	Monthly Rate (1)
7. Two-Lines with Advanced Features and Nationwide Toll Calling-II	\$59.99
- 2 Residential Access Lines with Tone Dialing on both lines	
- Expanded Local Calling Service and	
- Toll-Free One-Way Local Calling Scope on both lines (7)	
- Optional Services – Choice of up to nine (9) of the following services (2)	
Call Forwarding	
Call Forwarding-Busy	
Call Forwarding-No Answer	
Call Waiting w/ Cancel Call Waiting	
Speed Calling	
Three Way Calling	
Anonymous Call Block	
Calling Name and Number Delivery	
Call Waiting ID (3)	
Voicemail (4)	
- Nationwide Calling Plan (5)	
- OPTIONAL: Add Dial-Up Internet access for \$11.95 per month (6)	

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Call Waiting and Calling Name and Number Delivery is required to subscribe to Call Waiting ID.
- (4) Voicemail is a non-regulated service and is included in the package rate.
- (5) Nationwide Calling Plan is provided by Peoples Communication, Inc. and is capped at 2,000 minutes per month. A rate of \$.10 per minute is applied after the initial 2,000 minutes.
- (6) Dial-Up Internet Access is provided by Peoples Communication, Inc. Certain restrictions apply.
- (7) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

**Monthly
Rate (1)**

8. Peoples Choice Premium-II

\$139.99

- **Two Local Residential Access Lines with Tone Dialing**
- **Expanded Local Calling Service and**
- **Toll-Free One-Way Local Calling Scope on both lines (8)**
- **Optional Services** – Choice of up to nine (9) of the following services: (2)
 - Call Forwarding
 - Call Forwarding-Busy
 - Call Forwarding-No Answer
 - Call Waiting w/ Cancel Call Waiting
 - Speed Calling
 - Three Way Calling
 - Anonymous Call Block
 - Calling Name and Number Delivery
 - Call Waiting ID (3)
 - Voicemail (4)
- **Unlimited Nationwide Calling Plan (5)**
- **DSL NSPEED 4MB with unlimited access to the Internet (6)(7)**

Optional: DSL NSPEED 6MB with unlimited access to the internet for an extra \$50 per month, where technically feasible. (6)(7)

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Call Waiting and Calling Name and Number Delivery is required to subscribe to Call Waiting ID.
- (4) Voicemail is a non-regulated service and is included in the package rate.
- (5) Unlimited Nationwide Calling Plan is provided by Peoples Communication, Inc. Certain restrictions apply.
- (6) DSL/Internet Service is provided by Peoples Communication, Inc.
- (7) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL Service, early termination fee does not apply.
- (8) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

**Monthly
Rate (1)**

9. Peoples Choice Select Plus-II

\$99.99

- Two Local Residential Access Lines with Tone Dialing
- Expanded Local Calling Service and
- Toll-Free One-Way Local Calling Scope on both lines (8)
- Optional Services – Choice of up to nine (9) of the following services: (2)
 - Call Forwarding
 - Call Forwarding-Busy
 - Call Forwarding-No Answer
 - Call Waiting w/ Cancel Call Waiting
 - Speed Calling
 - Three Way Calling
 - Anonymous Call Block
 - Calling Name and Number Delivery
 - Call Waiting ID (3)
 - Voicemail (4)
- Unlimited Nationwide Calling Plan (5)
- DSL NSPEED 2MB with unlimited access to the Internet (6)(7)

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Call Waiting and Calling Name and Number Delivery is required to subscribe to Call Waiting ID.
- (4) Voicemail is a non-regulated service and is included in the package rate.
- (5) Unlimited Nationwide Calling Plan is provided by Peoples Communication, Inc. Certain restrictions apply.
- (6) DSL/Internet Service is provided by Peoples Communication, Inc.
- (7) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL Service, early termination fee does not apply.
- (8) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

	<u>Monthly Rate</u> (1)
10. Peoples Choice Select-II	\$89.99
- Two Local Residential Access Lines with Tone Dialing	
- Expanded Local Calling Service and	
- Toll-Free One-Way Local Calling Scope (8)	
- Optional Services – Choice of up to nine (9) of the following services: (2)	
Call Forwarding	
Call Forwarding-Busy	
Call Forwarding-No Answer	
Call Waiting w/ Cancel Call Waiting	
Speed Calling	
Three Way Calling	
Anonymous Call Block	
Calling Name and Number Delivery	
Call Waiting ID (3)	
Voicemail (4)	
- Unlimited Nationwide Calling Plan (5)	
- DSL NSPEED 2MB with unlimited access to the Internet (6)(7)	

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Call Waiting and Calling Name and Number Delivery Service required to subscribe to Call Waiting ID.
- (4) Voicemail is a non-regulated service and is included in the package rate.
- (5) Unlimited Nationwide Calling Plan is provided by Peoples Communication, Inc. Certain restrictions apply.
- (6) DSL/Internet Service is provided by Peoples Communication, Inc.
- (7) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL Service, early termination fee does not apply.
- (8) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

II. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages (Continued)

**Monthly
Rate (1)**

11. Peoples Choice Basic-II

\$79.99

- **Two Local Residential Access Lines with Tone Dialing**
- **Expanded Local Calling Service and**
- **Toll-Free One-Way Local Calling Scope on both lines (8)**
- **Optional Services** – Choice of up to nine (9) of the following services: (2)
 - Call Forwarding
 - Call Forwarding-Busy
 - Call Forwarding-No Answer
 - Call Waiting w/ Cancel Call Waiting
 - Speed Calling
 - Three Way Calling
 - Anonymous Call Block
 - Calling Name and Number Delivery
 - Call Waiting ID (3)
 - Voicemail (4)
- **Unlimited Nationwide Calling Plan (5)**
- **DSL NSPEED 1MB with unlimited access to the Internet (6)(7)**

- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Call Waiting and Calling Name and Number Delivery is required to subscribe to Call Waiting ID.
- (4) Voicemail is a non-regulated service and is included in the package rate.
- (5) Unlimited Nationwide Calling Plan is provided by Peoples Communication, Inc. Certain restrictions apply.
- (6) DSL/Internet Service is provided by Peoples Communication, Inc.
- (7) Package prices do not include installation and equipment charges for DSL. Equipment is free with a one-year term contract for DSL service. Early termination fee is \$250. If a customer cancels package subscription but continues DSL Service, early termination fee does not apply.
- (8) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

MEMBER SERVICES TARIFF

III. LOCAL EXCHANGE SERVICES RATES (Continued)

B. Residential Packages

Monthly
Rate (1)

12. Peoples Standard \$39.99
- 1 Local Residential Access line with Tone Dialing
 - Expanded Local Calling Service and
 - Toll-Free One-Way Local Calling Scope (6)
 - Optional Services – Choice of up to nine (9) of the following services
 - Call Forwarding
 - Call Forwarding-Busy
 - Call Forwarding-No Answer
 - Call Waiting w/ Cancel Call Waiting
 - Speed Calling
 - Three Way Calling
 - Anonymous Call Block
 - Calling Name and Number Delivery
 - Call Waiting ID (3)
 - Voice Mail (4)
 - Nationwide Calling Plan (5)

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- (1) Rates do not include applicable state and federal taxes and surcharges or the End User Common Line Charge, as approved in the Cooperative's Interstate Access Service Tariff, National Exchange Carrier Association, Inc., Tariff F.C.C. No. 5.
- (2) Customers can choose a total of nine optional services for both lines. For example, five optional services on the first line and four optional services on the second line.
- (3) Call Waiting and Calling Name and Number Delivery is required to subscribe to Call Waiting ID.
- (4) Voicemail is a non-regulated service and is included in the package rate.
- (5) Nationwide Calling Plan is provided by Peoples Communication, Inc. and is capped at 2,000 minutes per month. A rate of \$.10 per minute is applied after the initial 2,000 minutes.
- (6) Effective June 1, 2013, the non-optional Toll-Free One-Way Local Calling Scope is included as part of this package to subscribers. The description of the local calling scope and applicable exchanges are listed in this Section on Page 11.

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LINE 3010 – MILESTONE CERTIFICATION

Peoples Telephone Cooperative, Inc. (the “Cooperative”) hereby certifies that the Cooperative has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to reasonably comparable offerings in urban areas, and that requests for such service are met within a reasonable amount of time.

LINE 3012 – COMMUNITY ANCHOR INSTITUTIONS

Peoples Telephone Cooperative, Inc. did not newly offer broadband service to a community anchor institution in the preceding calendar year (2014).

**Texas 557 Quitman
Peoples Telephone Cooperative, Inc.,
and Subsidiaries**

**Consolidated Financial Statements
And Independent Auditor's Report**

As of September 30, 2014 and 2013

Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas
INDEX TO FINANCIAL STATEMENTS
As of September 30, 2014 and 2013

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ARNOLD, WALKER, ARNOLD, & Co., P.C.
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MEMBER

American Institute Of
 Certified Public Accountants

Texas State Society Of
 Certified Public Accountants

Independent Auditor's Report

Board of Directors
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas 75783

Report on the Financial Statements

We have audited the accompanying consolidated balance sheets of Peoples Telephone Cooperative, Inc., and Subsidiaries as of September 30, 2014 and 2013, and the related consolidated statements of income, consolidated statements of membership equity and consolidated statements of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peoples Telephone Cooperative, Inc., and Subsidiaries as of September 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the consolidated financial statements. The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

December 11, 2014

Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas
CONSOLIDATED BALANCE SHEETS
 As of September 30, 2014 and 2013
 (Dollars in thousands)

ASSETS

CURRENT ASSETS

Cash and cash equivalents
 Telecommunications accounts receivable
 (less allowance of \$28 in 2014 and \$32 in 2013)
 Accounts receivable--nonaffiliated companies
 NTIA construction receivable
 Inventory
 Prepaid expenses and other current assets

TOTAL CURRENT ASSETS

INVESTMENTS AND OTHER ASSETS

Investment in associated organizations
 Notes receivable--nonaffiliated companies
 Other assets

TOTAL INVESTMENTS AND OTHER ASSETS

PROPERTY, PLANT AND EQUIPMENT

Telecommunications plant under construction
 Telecommunications plant in service

TOTAL PROPERTY, PLANT AND EQUIPMENT

Less accumulated depreciation

NET PROPERTY, PLANT AND EQUIPMENT

TOTAL ASSETS



Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas
CONSOLIDATED BALANCE SHEETS
 As of September 30, 2014 and 2013
 (Dollars in thousands)

LIABILITIES, MEMBERSHIP EQUITY AND RETAINED EARNINGS

CURRENT LIABILITIES

Accounts payable and advance billing
 NTIA construction payables
 Current maturities--long-term debt
 Customer deposits
 Accrued taxes
 Accrued interest
 Accrued sick leave and vacation

TOTAL CURRENT LIABILITIES

LONG-TERM DEBT

Notes payable

OTHER LIABILITIES

Postretirement benefits other than pensions
 Unearned revenues - NTIA grant

TOTAL OTHER LIABILITIES

TOTAL LIABILITIES

MEMBERSHIP EQUITY AND RETAINED EARNINGS

Memberships subscribed and issued
 Retained earnings
 Accumulated other comprehensive income (loss)--
 postretirement benefits other than pensions

TOTAL MEMBERSHIP EQUITY AND RETAINED EARNINGS

TOTAL LIABILITIES, MEMBERSHIP EQUITY AND RETAINED EARNINGS

The accompanying notes are an integral part of these consolidated financial statements.

Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas
CONSOLIDATED STATEMENTS OF INCOME
For the years ended September 30, 2014 and 2013
(Dollars in thousands)

OPERATING REVENUES

Local network services
Carrier access/ roamer
Other network
NECA settlement
Federal USF
Texas USF
Long distance operating revenue
Miscellaneous revenue

OPERATING EXPENSES

Plant specific operations
Plant nonspecific operations
Depreciation
Customer operations
Corporate operations

OPERATING INCOME (LOSS)

NONOPERATING INCOME (LOSS)

Other nonoperating income (loss)
NTIA grant revenue
NTIA grant depreciation

FIXED CHARGES

Interest on long-term debt

NET INCOME (LOSS) BEFORE PROVISION
FOR FEDERAL INCOME TAX

PROVISION FOR FEDERAL INCOME TAX

NET INCOME (LOSS) FOR THE PERIOD

The accompanying notes are an integral part of these consolidated financial statements.

Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas

CONSOLIDATED STATEMENTS OF MEMBERSHIP EQUITY AND RETAINED EARNINGS
For the years ended September 30, 2014 and 2013
(Dollars in thousands)

EQUITY--Beginning of year
Comprehensive income:
 Net income (loss)
 Accumulated other income--
 net change in postretirement benefits other than pensions

 Total comprehensive income (loss)

Memberships subscribed and issued, net
Capital credits paid

EQUITY--End of year



The accompanying notes are an integral part of these consolidated financial statements.

Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2014 and 2013
(Dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Net operating income (loss)
Adjustments to reconcile net income to net cash provided
by operating activities--
 Depreciation
 (Increase) decrease in telecommunications accounts receivable
 Decrease (increase) in accounts receivable--nonaffiliated companies
 Decrease (increase) in inventory
 Decrease (increase) in prepaid expenses and other current assets
 Increase (decrease) in accounts payable and accrued expenses

Total adjustments

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM CAPITAL AND INVESTING ACTIVITIES

Decrease in NTIA construction receivable
Capital expenditures
Investment in nonaffiliated entities, net
(Decrease) in NTIA construction payables
NTIA grant proceeds
Nonoperating income (loss)

NET CASH (USED IN) PROVIDED BY CAPITAL AND INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Net (decrease) increase in notes payable
Interest on long-term debt
Payment of capital credits
Net change in memberships subscribed

NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS--Beginning of year

CASH AND CASH EQUIVALENTS--End of year

The accompanying notes are an integral part of these consolidated financial statements.

Texas 557 Quitman
Peoples Telephone Cooperative, Inc., and Subsidiaries
Quitman, Texas
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2014 and 2013
(Dollars in thousands)

Note 1--SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Cooperative is a diversified telecommunications service company, which, directly or through its wholly owned subsidiaries, provides wireline local and network access services, long distance telephone services, operator assisted calling services, telecommunications equipment sale and leasing services, cable television services, Internet access, wireless broadband and related services. The principal market for these telecommunications and cable services are local residential and business customers residing in Northeast Texas.

Local service rates charged to telephone customers are established by the Cooperative. Toll and access rates are subject to state and Federal Communications Commission regulation.

Accounting Method

Peoples Telephone Cooperative, Inc., (a Class A telephone company) and Subsidiaries follow accounting principles generally accepted in the U.S. These consolidated financial statements have been prepared using the accounting system prescribed in Part 32-Uniform System of the Accounts for Class A Telephone Companies as promulgated by the Federal Communications Commission.

Basis of Presentation

The consolidated financial statements include the accounts of Peoples Telephone Cooperative, Inc. (collectively referred to as the Cooperative) and its wholly-owned subsidiary Peoples Holding, Inc. which wholly owns Peoples Communication, Inc. (PCI) and Peoples Fibercom Corporation (PFC), dba Connexions Telcom.

Peoples Holding, Inc. also owns Peoples Wireless, LP by way of a 99.9% limited partner interest and by Peoples Holding, Inc.'s complete ownership of Peoples GP, LLC the 0.1% general partner of Peoples Wireless, LP.

An intermediary holding company (Peoples Holding, Inc.) was organized to hold investment in subsidiaries formerly held by the Cooperative. Peoples GP, LLC was formed to serve as the general partner of Peoples Wireless, LP.

All significant intercompany transactions are eliminated in the consolidation process. Investments in subsidiaries are accounted for under the equity method.

Investment in Nonaffiliated Companies

Investment in nonaffiliated companies is stated at cost.

Inventory

Inventories are recorded at weighted average unit cost.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Bad Debts

The allowance for bad debts represents a provision for possible uncollectible accounts based upon estimates of management and historical experience.

Research and Development Costs

Research and development costs are charged to operations when incurred.

Telephone Plant and Depreciation Reserves

Telecommunications plant is stated substantially at original cost. Additions, replacements, and renewals of property determined to be units of property are charged to telecommunications plant accounts. The replacement of plant determined not to be a unit of property and the cost of maintenance and repair are charged to operating expense. Normal retirements are charged in total to the accumulated depreciation accounts along with the cost of removal, less salvage, with no gain or loss recognized. Depreciation expense is computed using the straight-line composite method based on estimated service lives of the various classes of depreciable property. The service lives of the regulated property are approved by the PUC.

The carrying value of long-lived assets is reviewed for impairment at least annually, or whenever events of changes in circumstances indicate that such carrying value may not be recoverable.

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Note 1--SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Credits

Net income from operations is assigned to patrons on a patronage basis.

Income Taxes

As an organization formed under Internal Revenue Code Section 501(c)(12), Peoples Telephone Cooperative must receive 85 percent of its gross income from members to be tax exempt. PTC is not taxable at the state level. PCI and PFC are corporations and are taxable in both the federal and State of Texas jurisdictions. PTC files a consolidated federal income tax return with its subsidiaries.

Peoples Wireless, LP has elected taxation as a C corporation.

Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The major temporary differences that give rise to the net deferred tax liability are differences in the bases of partnership investments and differences in depreciation methods and lives used for financial and income tax reporting.

Revenue Recognition

Revenues are recognized when earned. Network access and long distance revenues are furnished in conjunction with interexchange carriers and are determined by cost separation studies. Network access revenues are based upon interstate tariffs filed with the Federal Communications Commission by the National Exchange Carriers Association and state tariffs filed with state regulatory agencies by the Texas Exchange Carriers Association, now known as the Texas Universal Service Fund. Management believes recorded revenues are reasonable based on estimates of final cost separation studies which are typically settled within two years.

Funds received under a National Telecommunications and Information Administration (NTIA) grant are presented as an unearned revenue. Revenue is recognized over a twenty year period (straight line) which is correlated with the depreciation life of the related "plant assets" constructed and acquired with grant proceeds.

Credit Risk

Financial instruments which potentially subject the Cooperative to concentrations of credit risk consist principally of temporary cash investments. The Cooperative places its temporary cash investments with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the Cooperative's large number of customers. The Cooperative maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Cooperative has not experienced any losses in such accounts. The Cooperative believes it is not exposed to any significant credit risk on temporary cash investments.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Cooperative and Subsidiaries consider all highly liquid investments with a maturity and liquidity of three months or less to be cash equivalents. Cash and cash equivalents are valued at market value.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to make them comparable with those of the current year.

Note 2--ASSETS PLEDGED

Substantially all assets are pledged as security for the long-term debt. See Note 7.

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Note 3--INVESTMENT IN TELEPHONE PLANT

Telephone plant in service and under construction is stated at cost. Listed below are the major classes of the telephone plant as of September 30, 2014 and 2013:

Land
Vehicles and work equipment
Buildings
Furniture and office equipment
Central office equipment
Telephone plant and fiber

Total Telecommunications Plant in Service

Telecommunications Plant Under Construction



Depreciation expense for the twelve months ended September 30, 2014 and 2013 was [REDACTED] respectively. General plant depreciation rates have been applied on a straight-line basis and are as follows:

Buildings
Buried cable
Carrier site equipment
Office support equipment
Vehicles
Garage equipment
Computers



Buried fiber
Circuit equipment-special
Company communications
equipment
WiMax site equipment
Furniture
Microwave equipment



Note 4--INVESTMENT IN ASSOCIATED ORGANIZATIONS

Investments are stated at cost and consist of the following:

National Telecom Corporation
Rural Telephone Finance Cooperative
Net America Alliance, LLC
NECA
Texas LS Network
Total



Note 5--NOTES RECEIVABLE--NONAFFILIATED COMPANIES

A summary of notes receivable follows:

Communications Supply Service Association, [REDACTED] due December 22, 2014 at 5% interest.

Note 6--ACCOUNTS PAYABLE

Construction contract estimates and retainages included in accounts payable is approximately [REDACTED] at September 30, 2014 and 2013 respectively.

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Note 7--NOTES PAYABLE

Long-term debt is represented by mortgage notes and line of credit arrangements payable to the Rural Telephone Finance Corporation (RTFC). Following is a summary of outstanding long-term debt:

RTFC [REDACTED] principal and interest paid quarterly

Principal and interest installments on the above notes are due quarterly. The approximate maturities of long-term debt for the five years succeeding the balance sheet date are as follows:

Year ended September 30	RTFC Principal	RTFC Interest
2015	[REDACTED]	[REDACTED]
2016	[REDACTED]	[REDACTED]
2017	[REDACTED]	[REDACTED]
2018	[REDACTED]	[REDACTED]
2019	[REDACTED]	[REDACTED]
2020-2024	[REDACTED]	[REDACTED]

The long-term debt agreements contain restrictions on the payment of patrons' capital credits. The terms of the debt agreements require the maintenance of defined amounts of membership equity and earnings.

Note 8--RELATED PARTY TRANSACTIONS

In the normal course of business, the Cooperative conducts business with affiliated companies.

Note 9--SICK LEAVE AND VACATION POLICIES

Sick leave and vacation policies have been adopted by Peoples Telephone Cooperative, Inc. Each full-time employee is allowed 80 hours (10 days) of sick leave after one year of service. If the employee starts employment any time other than January 1, sick leave will be prorated the first year. If during a full succeeding year (January 1 through December 31) an employee does not utilize all of the sick leave time, the remaining days will be carried forward to the next year and 10 additional days will be added each year. There is no limit on the amount of days of sick leave that can be accrued. If an employee is terminated or quits the Cooperative, all accrued sick leave is forfeited. When an employee retires, the Cooperative shall buy back the accumulated sick leave days at the rate of 50% of a regular day's salary.

Concerning vacation policies, an employee of the Cooperative will have earned a vacation after having worked for the Cooperative for one full year. If the employee starts employment other than January 1, vacation time will be prorated the first year. During the first five years of employment, vacation time is earned at the rate of 80 hours (2 weeks) per calendar year. During the sixth through fifteenth years of employment, paid vacation will be earned at the rate of 120 hours (3 weeks) annually. During the sixteenth year of employment and beyond, vacation will be earned at the rate of 160 hours (4 weeks) annually. Employees will be permitted to carry over unused amounts of earned vacation from one calendar year to the next up to a maximum of the number of annual vacation days eligible that year. Deferred assets and accrued liabilities have been recorded to reflect these policies. As sick leave or vacation is actually taken by the employees, the accrued liability is decreased. Peoples Communication, Inc., and Peoples Wireless Services LP have no employees.

Note 10--BENEFIT PLANS

Pension benefits for substantially all employees are provided through the National Telephone Cooperative Association Retirement and Security Program (a defined benefit plan) and Savings Plan (a defined contribution plan). The Company makes annual contributions to the plans equal to the amounts accrued for pension expense. The Retirement and Security Program is a multi-employer plan and the accumulated benefits and plan assets are not determined or allocated separately by individual employer. The total pension costs for the fiscal years 2014 and 2013 were [REDACTED] respectively.

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Note 11--POSTRETIREMENT BENEFITS OTHER THAN PENSION

The Cooperative provides certain health care benefits for eligible retired employees. The Cooperative accrues benefits over the employee service period until the employee becomes fully eligible to receive benefits. The Cooperative has elected to amortize the initial transition obligation of [REDACTED] over 20 years. The transition obligation represents the actuarial present value of benefits attributed to employee service rendered to October 1, 1993. This plan has not been fully funded.

The following table sets forth the plan's status as of September 30, 2014 and 2013:

<u>Obligations and Funded Status</u>	<u>2014</u>	<u>2013</u>
Benefit obligation measured at September 30	[REDACTED]	[REDACTED]
Fair value of plan assets measured at September 30	[REDACTED]	[REDACTED]
Funded status - liability recognized in the balance sheet	[REDACTED]	[REDACTED]
Net periodic benefit cost	[REDACTED]	[REDACTED]

Assumptions

Weighted average assumptions used to determine the benefit obligations nad net periodic benefit cost

Discount rate	[REDACTED]	[REDACTED]
Expected return on plan assets	[REDACTED]	[REDACTED]
Rate of compensation increase	[REDACTED]	[REDACTED]

The health care cost trend rate used to measure the expected cost of benefits was a 7.0 percent annual rate of increase in 2014, gradually continuing to decline to 6.0 percent by the year 2023.

Cash flows

The Company expects to contribute actual annual costs to its postretirement benefit plan in 2014.

Accumulated Other Comprehensive Income (AOCI):

	<u>2014</u>	<u>2013</u>
Amounts recognized in comprehensive income (loss):		
Net gain (loss) arising during the year	[REDACTED]	[REDACTED]
Amortization of net gain/loss	[REDACTED]	[REDACTED]
Amortization of prior service costs	[REDACTED]	[REDACTED]
Amortization of transition obligation	[REDACTED]	[REDACTED]

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(Dollars in thousands)

Note 12--CAPITAL CREDITS

Long-term debt agreements with RTFC (Note 7), contain restrictions on the membership equity of the Cooperative. The restrictions are related in general to the Cooperative's adjusted net worth and assets as defined in the agreements. Dividends and other cash disbursements require RTFC's written consent when net worth as a percentage of total assets is forty percent or less.

After consideration of debt service requirements and cash flows [REDACTED] paid in 2014 or 2013.

Note 13--FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents approximates their fair value due to the short maturity of the investments.

Note 14--SUBSIDIARIES

As of September 30, 2014:

Peoples Holding, Inc.

Wholly-owned subsidiary of the Cooperative. Serves as intermediary holding company with ownership as follows:

- Peoples Communication, Inc.
The corporation was formed to conduct deregulated telecommunications business for customers/members of Peoples Telephone Cooperative, Inc.

As of September 30, 2014, Peoples Telephone Cooperative, Inc., provides a substantial portion of the subsidiary revenues and cash flow. Peoples Communication, Inc. is presently dependent upon PTC in order to continue operations.
- Peoples Wireless, LP (99.9% limited partner interest)
Entity provides cellular radio service in Wood and Rains Counties, Texas.
- Peoples Fibercom Corporation
Peoples Fibercom Corporation, a Texas corporation, wholly owns Connexions Telcom. Connexions provides various telecommunications, internet, and CATV services in Rockwall and Kaufman Counties.
- Peoples GP, LLC
Serves as general partner for Peoples Wireless, LP. Owns 0.1% interest in such partnership.

Note 15--CASH AND CASH EQUIVALENTS INFORMATION

Cash paid during the fiscal year for:	<u>2014</u>	<u>2013</u>
Interest (net of capitalized interest)	[REDACTED]	[REDACTED]
Income taxes	[REDACTED]	[REDACTED]

Note 16--RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the cooperative purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 17--CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Cooperative to concentrations of credit risk consist primarily of temporary cash investments and trade receivables. The Cooperative's policy is to place temporary cash investments with federally insured financial institutions and to require supplemental deposit insurance for certain bank accounts. Management believes the risk of credit loss due to nonperformance by counter parties is remote and any losses would not be material to the results of operations or financial condition.

Concentrations of credit risk with respect to telecommunications accounts receivable are limited due to the large number of customers. Management believes this risk to be low based on the nature of the receivables.

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Note 18--BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)

During the year ended September 30, 2011, the Cooperative applied for and was awarded a grant for approximately [REDACTED] to fund the development and construction of the East Texas Medical and Educational Fiber Optic Network. This program is administered by the National Telecommunications and Information Administration (NTIA).

The project began during the year ended September 30, 2011 and is complete as of September 30, 2014. [REDACTED] was received from the grant. The Cooperative provided approximately [REDACTED] of matching funds.

Note 19--LITIGATION

As of September 30, 2014, the Cooperative was not involved in any significant litigation.

Note 20--SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 11, 2014, the financial statement issuance date.

SUPPLEMENTAL INFORMATION

Texas 557
Peoples Telephone Cooperative, Inc. and Subsidiaries
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BALANCE SHEETS
As of September 30, 2014
(In thousands)

	Peoples Telephone Cooperative, Inc.	Peoples Holding, Inc.	Peoples Communications, Inc.	Peoples Wireless Services Corporation	Peoples Fibercom Corporation
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents					
Telecommunications accounts receivable, net					
Accounts receivable-nonaffiliated companies					
Inventory					
Prepaid expenses and other current assets					
TOTAL CURRENT ASSETS					
INVESTMENTS AND OTHER ASSETS					
Investment in associated organizations					
Investment in Peoples Communication, Inc.					
Investment in Peoples Fibercom					
Investment in Peoples GP, LLC					
Investment in Peoples Wireless					
Investment in Peoples Holding Inc.					
Accounts receivable-affiliated companies					
Notes receivable-nonaffiliated companies					
Investment in 700MHZ					
Other assets					
TOTAL INVESTMENTS AND OTHER ASSETS					
PROPERTY, PLANT AND EQUIPMENT					
Telecommunications plant under construction					
Telecommunications plant in service					
TOTAL PROPERTY PLANT AND EQUIPMENT					
Less accumulated depreciation					
NET PROPERTY PLANT AND EQUIPMENT					
TOTAL ASSETS					

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Peoples Telephone Cooperative, Inc. and Subsidiaries
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 BALANCE SHEETS
 As of September 30, 2014
 (In thousands)

	Peoples Telephone Cooperative, Inc.	Peoples Holding, Inc.	Peoples Communications, Inc.	Peoples Wireless Services Corporation	Peoples Fibercom Corporation
LIABILITIES AND EQUITIES					
CURRENT LIABILITIES					
Accounts payable-nonaffiliated companies					
Accounts payable-affiliated companies					
Current maturities-long term debt					
Customer deposits					
Accrued taxes					
Accrued interest					
Accrued sick leave and vacation					
TOTAL CURRENT LIABILITIES					
LONG-TERM DEBT					
Notes payable					
OTHER LIABILITIES					
Postretirement benefits other than pensions					
Unearned revenues - grant					
Accounts payable-affiliated companies					
TOTAL OTHER LIABILITIES					
TOTAL LIABILITIES					
EQUITIES					
Common stock					
Paid in capital					
Partners capital					
Preferred stock					
Retained earnings (deficit)					
Accumulated other comprehensive income (loss)--postretirement benefits					
Memberships subscribed and issued					
Membership equity					
TOTAL EQUITIES (DEFICIT)					
TOTAL LIABILITIES AND EQUITIES					

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Peoples Telephone Cooperative, Inc. and Subsidiaries
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STATEMENTS OF INCOME AND EQUITIES RETAINED
For the period ended September 30, 2014
(In thousands)

	Peoples Telephone Cooperative, Inc.	Peoples Holding, Inc.	Peoples Communications, Inc.	Peoples Wireless Services Corporation	Peoples Fibercom Corporation
OPERATING REVENUES					
Local network services					
Carrier access/ roamer					
Other network					
NECA settlement					
Federal USF					
Texas USF					
Long distance operating revenue					
Misc. revenue					
OPERATING EXPENSES					
Plant specific operations					
Plant nonspecific operations					
Depreciation					
Customer operations					
Corporate operations					
OPERATING INCOME (LOSS)					
NONOPERATING INCOME (LOSS)					
Equity in net income (loss) of subsidiaries					
Nonregulated net income (loss)					
NTIA grant revenue					
NTIA grant depreciation					
Other					
FIXED CHARGES					
Interest on long-term debt					
Other					
NET INCOME (LOSS) BEFORE PROVISION FOR FEDERAL INCOME TAX					
PROVISION FOR FEDERAL INCOME (TAX) BENEFIT					
NET INCOME (LOSS) FOR THE PERIOD					
EQUITIES RETAINED (DEFICIT)					
Beginning of the year					
Less-Capital credits paid during the period					
Contributed capital					
End of the year					

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Peoples Telephone Cooperative, Inc. and Subsidiaries
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STATEMENTS OF CASH FLOWS
For the period ended September 30, 2014
(In thousands)

	Peoples Telephone Cooperative, Inc.	Peoples Holding, Inc.	Peoples Communications, Inc.	Peoples Wireless Services Corporation	Peoples Fibercom Corporation
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CASH FLOWS FROM OPERATING ACTIVITIES

Net operating income (loss)	
Adjustments to reconcile net income (loss) to net cash operating activities--	
Depreciation	
Decrease (increase) in telecommunications accounts receivable	
Decrease in accounts receivable--nonaffiliated companies	
(Increase) decrease in inventory	
Decrease (increase) in prepaid expenses and other assets	
Decrease (increase) in amounts (due from)/to affiliated companies--net	
Increase (decrease) in accounts payable and accrued expenses	
Total adjustments	

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

CASH FLOWS FROM CAPITAL AND INVESTING ACTIVITIES

Equity in net income (loss) of subsidiaries	
Decrease in NTIA receivable	
Capital expenditures	
Investment in entities	
Decrease in NTIA construction payables	
Nonregulated net income (loss)	
Other nonoperating income	
NET CASH (USED IN) PROVIDED BY CAPITAL AND INVESTING ACTIVITIES	

CASH FLOWS FROM FINANCING ACTIVITIES

Net (decrease) increase in notes payable	
Interest on long-term debt	
Add (less)--dividends/distributions	
Payment of capital credits	
Net change in memberships subscribed	
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS--Beginning of year	
CASH AND CASH EQUIVALENTS--End of year	